

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Compared to the last week, edible oil basket featured mild recovery during the week under review. Soy, palm, and groundnut oil quoted slightly higher on w-o-w basis.*

*On the currency front, Indian rupee against USD closed (18 April, 2014) at 60.28, down 0.17 percent as compared to the previous week. Factors to watch in the coming weeks will be the movement of Indian rupee against US dollar, Chinese soybean, and Malaysian palm oil exports.*

*We expect edible oil complex to trade sideways to slightly firm tone in expectation of renewed demand at lower quotes and optimism ahead of Ramadan festival demand. However, rising mustard seed supplies and higher global oilseeds production estimates may limit the upside risk in the prices.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (May) is expected to stay in the range of 42.20 cents/lb to 44.20 cents/lb. CPO at BMD (May) is likely to trade in the range of 2635-2720 ringgit per tons.*

*Exports of Malaysian palm oil products for Apr. 1-15 rose 6.7 percent to 500,057 tons from 468,855 tons shipped during Mar. 1-15, cargo surveyor Societe Generale de Surveillance.*

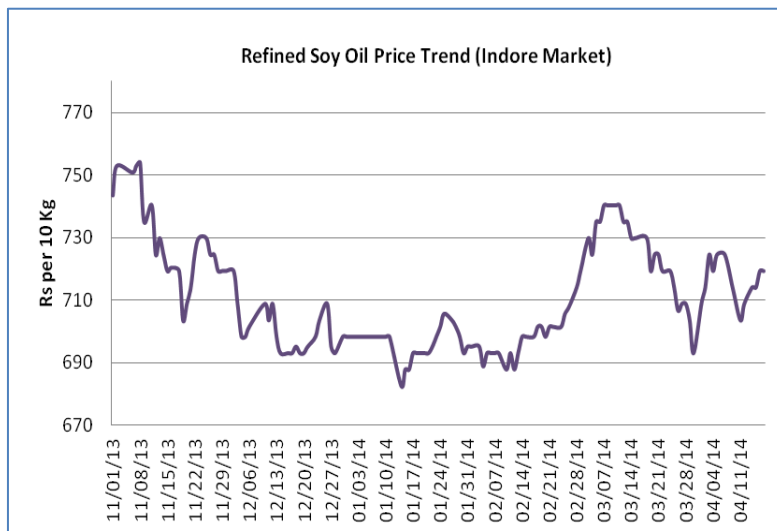
*On the international front, tight soybean supplies in US may favor the bulls in the short term. However, soybeans supplies from South American countries are picking pace and cancellation of soybean cargos by Chinese buyers may limit the excessive gains.*

*Widening of the spread between palm oil and soft oil may favor demand at lower quotes and optimism that festive-driven demand will underpin prices in the coming weeks. However, uncertain demand prospects from China and ending of lower palm oil yield phase may limit the excessive upside risk in the prices.*

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soybean oil featured steady to firm tone tracking gains in the international oil & fats market and renewed demand at lower quotes.
- Soybean oil witnessed gains owing to optimism that lower rains could hinder the domestic oilseeds production in 2014/15 and upcoming festival demand. Moreover, underlying support from the international soy oil market add fuel to the bullish sentiments.
- Indian buyer imported around 5.28 lakh tons of crude soybean oil majorly from Argentina and Brazil during Nov-March 2014, up 112.9 percent from the same period of last year. Buyers are likely to import higher soybean oil in the coming days due to import parity and lower domestic crushing. Imported soy oil offered at discount at around USD 38-42 per MT (1-17 April) after refining & processing. Crude soy oil imports are likely to rise in the coming months due to cheaper bean oil from Argentina and lower domestic soy crushing.
- We expect soy oil may trade with a range bound to firm movement.



### International Front

- As per Buenos Aires Grains Exchange, Argentina's farmers have harvested 14 percent soybean area of 2013/14 as of 9 April. On the Production front, Argentine agriculture ministry, forecast soy crop at 54 million tons for 2013/14. On the other hand, Brazilian farmers have harvested around 80-85 percent of the total soybean acreage estimated of 2013/14.
- As per National Oilseed Processors Association, US soybean crush in March was reported at 153.8 Mln. bu. up from the 141.6 Mln bu. crushed in February 2014. While, at the same period of the last year soybean crush was 137.1 Mln bu.
- On the soybean production front, CONAB revised its forecast for Brazil's 2014 soybean production to 86.1 Mln t from the previous figure of 85.4 Mln t. Last year soybean production was 81.5 Mln t. Oil World Brazil may export around 5.5 million tons of soybeans in April, lower compared to the last month, which was 6.23 million tons. Last year at the same period the soybean exports from Brail was 7.15 million tons.
- On the international front, tight soybean supplies in US may favor the bulls in the short term. However, soybeans supplies from South American countries are picking pace and cancellation of soybean cargos by Chinese buyers may limit the excessive gains.

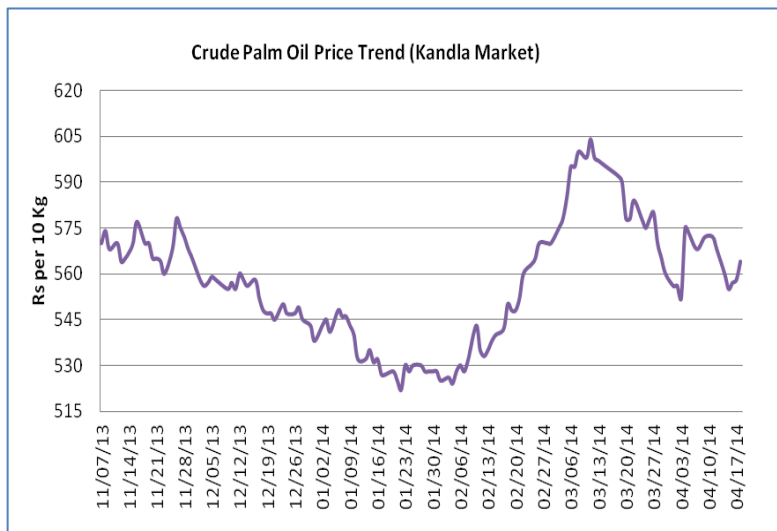
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 712-728 per 10 Kg in the near term.

## **Palm oil Fundamental Analysis and Outlook -:**

### **Domestic Front**

- CPO Kandla 5% witnessed consolidation in the prices during the week in review.
- As per Solvent Extractors' Association of India, India palm oil imports including crude and refined fell 23 percent to 5.37 lakh tons from the same period of the last year. During Nov-Mar 2013/14, Import of refined palm oil reported at 817,615 tons compared to 620,698 tons during the same period of the last year. While, crude palm oil imports is down by 27.2% and reported at 2,273,444 tons compared to the same period of last year.
- Renewed demand could witness at lower quotes, in expectation of good demand from wholesalers ahead of Ramadan likely to support the palm oil. However, new soybean supplies from South American countries may curb the excessive gains.
- Current stock of edible oils as on 1st April, 2014 at various ports is estimated at 490,000 tons (CPO 270,000 tons, RBD palmolein 90,000 tons, soybean oil degummed 50,000 tons and crude sunflower oil 80,000 tons) and about 710,000 tons in pipelines – SEA of India
- We expect domestic palm oil prices likely to trade range bound in the days ahead.



### **International Front**

- Crude palm oil at BMD May contract ended slightly higher on optimism that good buying might witness from top buyers ahead of Muslim festivities in June. While, the beneficial rains over key palm producing regions support the palm oil output prospects. Exports of Malaysian palm oil products for Apr. 1-15 rose 6.7 percent to 500,057 tons from 468,855 tons shipped during Mar. 1-15, cargo surveyor Societe Generale de Surveillance. India imported 85,460 tons, 76.1 percent higher from the corresponding period of last year. Malaysia has kept its crude palm oil export tax for May at 5.5 percent, the same as a month ago.
- Malaysian palm oil inventories for March estimated at 1,687,709 tons against a revised 1,656,908 tons last month. Inventories surged by rose 2 percent compared to last month. However, Malaysian palm oil inventories hovering at 22.2 percent lower on y-o-y basis. Higher palm oil production and weak exports helped lift stocks. On the production front, palm oil output for March is estimated at 1.49 million tons, up 17.3 percent on m-o-m basis - Malaysian Palm Oil Board.
- Widening of the spread between palm oil and soft oil may favor demand at lower quotes and optimism that festive-driven demand will underpin prices in the coming weeks. However, uncertain demand prospects from China and ending of lower palm oil yield phase may limit the excessive upside risk in the prices.

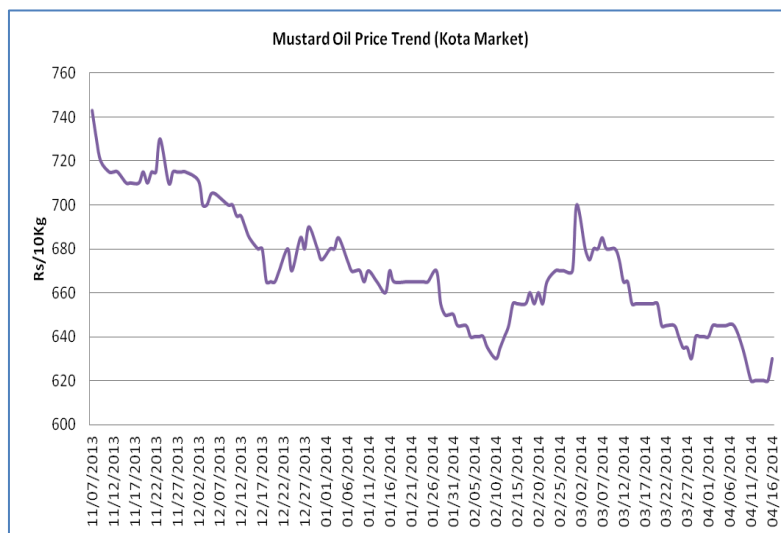
### **Price Outlook:**

We expect CPO Kandla 5% (with VAT) to stay in the range of 565-585 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil featured steady to slightly firm tone during the week at the Kota market in line with the competing soy oil prices. While, rising mustard seed arrivals limit the upside.
- Rapeseed harvesting is almost over in Rajasthan and all over India rapeseed, harvesting is likely to complete in the coming week. On an average, RM seed arrivals in the cash market of Rajasthan reported at 3.4-3.8 lakh bags. Last year at the same period around 3.2-3.5 lakh bags were reported in April.
- Rising mustard seed supplies in the cash market and adequate availability of rapeseed oil likely to pressurize the prices in the near term. However, renewed demand from millers at lower quotes may witness in the coming week, which may limit the downside risk in the RM seed oil prices.
- On the supply side, market participants are expecting 0.15-0.28 million tons of crop loss in mustard due to unseasonal rains in late February. Mustard seed production seen at 75.6 lakh tons, up 3.6 lakh tons from the previous oil year - Agriwatch estimates. We expect RM seed oil prices may trade range bound in the coming days.

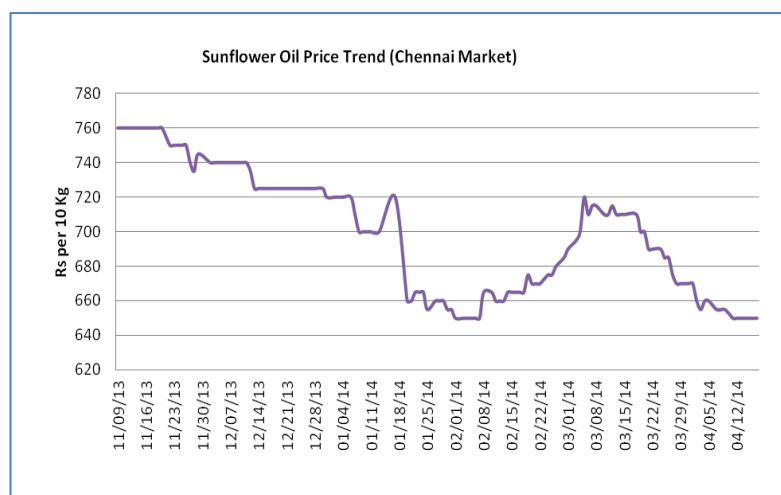


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 620-642 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

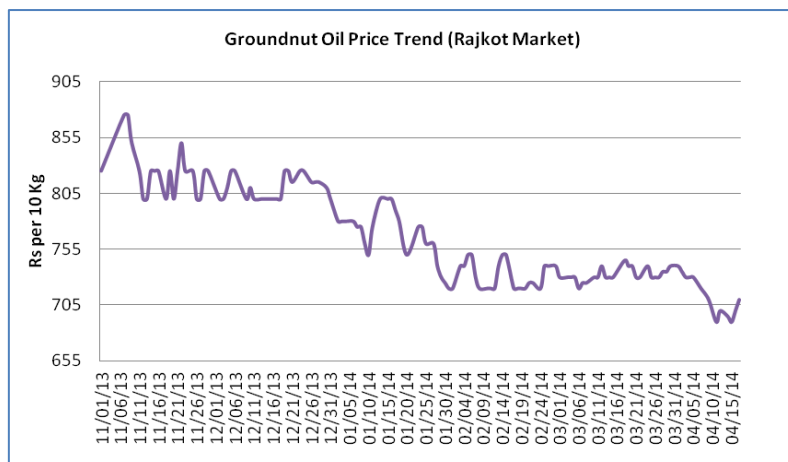
- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to correction in the sunflower oil (Ukraine based) prices and weak demand for edible oils in the domestic edible oil market.
- Indian buyers purchase 97,900 tons of crude sunflower oil majorly from Ukraine during March. While, India imported 5.18 lakh tons of crude sunflower oil in Nov.-March 2013/14, up 23 percent from same period of the last year – SEA of India.
- Sideways trend noticed in the international sunflower oil FOB prices (Ukraine origin). While, crude sunflower oil (Ukraine origin) CIF at Kandla is being offered at \$935-940 per tons, down 0.53 percent a week earlier due to correction in the international sun oil market.
- We expect sunflower oil prices may trade range bound in the coming days.



**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 640-665 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices trade sideways to slightly firm tone at its benchmark market (Rajkot) during the week owing to renewed demand from wholesalers at lower quotes. While, adequate raw material supply for crushing limit the excessive gains.
- Groundnut oil prices are likely to trade with a steady to slightly firm tone in the coming days owing to renewed demand for groundnut oil in the cash market. However, adequate groundnut supplies and record production in the current year may cap the excessive gains. Groundnut oil is offered at around Rs 700-710 per 10 Kg at Rajkot market excluding tax.
- Groundnut oil production for 2013-14 marketing year is projected at six lakh tons which is significantly higher than last year production estimate of 3.28 lakh tons. Groundnut oil prices breached its support around Rs 715 per 10 Kg during the week in review and we expect prices are to trade with steady to slightly firm bias in the days ahead.

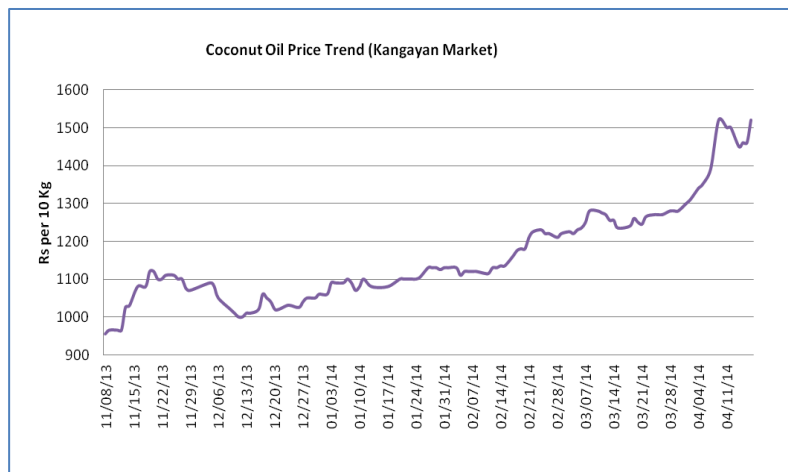


### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 680-715 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:- Domestic Front

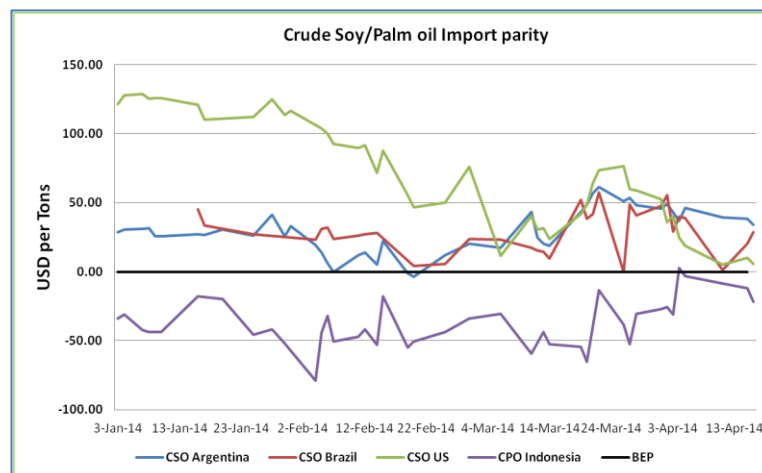
- Coconut oil featured firm tone at its benchmark market Kangayan during the week owing to tight copra supplies in the southern India and lean season. However, demand was need based at higher quotes and corporate shifted to palm oil products.
- Coconut oil at Kangayan market quoted at Rs 1460-1520 per 10 Kg during the week in review. As per sources, increased buying support from the local traders, weak copra arrivals from the major producing regions and coconut crop losses in Southern India support the prices. However, cheaper availability of substitute products may shift the demand from coconut oil to palm oil products. As per Cochin Oil Merchants Association, around 50 per cent drop in certain coconut growing areas of Kerala noticed due to a drought-like situation. Moreover, good export demand of raw nuts has resulted in the shortage of copra.
- Prices are likely to trade with a high volatility in the coming days due to tight supplies. However, commencement of copra production season in Kerala and copra arrivals likely to pick up, which may pressurize the prices in the medium term.



**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1450-1550 per 10 Kg.

**Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil**

<b>Landed Cost Calculation as on 17/04/2014</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>
FOB USD per ton	907	922	953	885
Freight (USD/MT)	80	72	70	35
C & F	987.0	994.0	1023.0	920.0
Weight loss (0.25% of FOB)	2.27	2.31	2.38	2.21
Finance charges (0.4% on CNF)	3.95	3.98	4.09	3.68
Insurance (0.3% of C&F)	3	3	3	3
CIF (Indian Port - Kandla)	996	1003	1033	929
CVD	0	0	0	0
Duty USD per ton	25.41	25.41	25.41	24.87
CVD value USD per ton	0	0	0	0
Cess (2% on duty) USD per ton	0.50826	0.50826	0.50826	0.497424
Exchange rate	60.38	60.38	60.38	60.38
Landed cost without customs duty in INR per ton	60149	60577	62345	56072
Customs duty %	2.58%	2.58%	2.58%	2.58%
Base import price	985	985	985	964
Fixed exchange rate by customs department	60.45	60.45	60.45	60.45
Duty component in INR per ton	1536.22	1536.22	1536.22	1503.46
Clearing charges INR per ton	483	483	483	483
Brokerage INR per ton	190	190	190	190
Total landed cost INR per ton	62358	62786	64554	58249
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	63500	63500	63500	57200
Total landed cost USD per ton	1033	1040	1069	965
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1052	1052	1052	947
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1142</b>	<b>714</b>	<b>-1054</b>	<b>-1049</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>18.91</b>	<b>11.82</b>	<b>-17.46</b>	<b>-17.37</b>
Source: Agriwatch				
Refining/ Processing Cost per MT	2600.00	2600.00	2600.00	3200.00
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00
Cost of Imported oil after refining/Processing	67458.35	67886.24	69654.19	64248.50
Soy/Palm oil imported Price (Including tax)	70831.27	71280.55	73136.90	67460.93
Loose price of Soy/Palm in Indore and Delhi market	71925.00	71925.00	71925.00	68775.00
Parity after processing and Taxes (Rs per MT)	<b>1093.73</b>	<b>644.45</b>	<b>-1211.90</b>	<b>1314.07</b>
Parity after processing and Taxes (USD per MT)	<b>18.11</b>	<b>10.67</b>	<b>-20.07</b>	<b>21.76</b>
Source: Agriwatch				

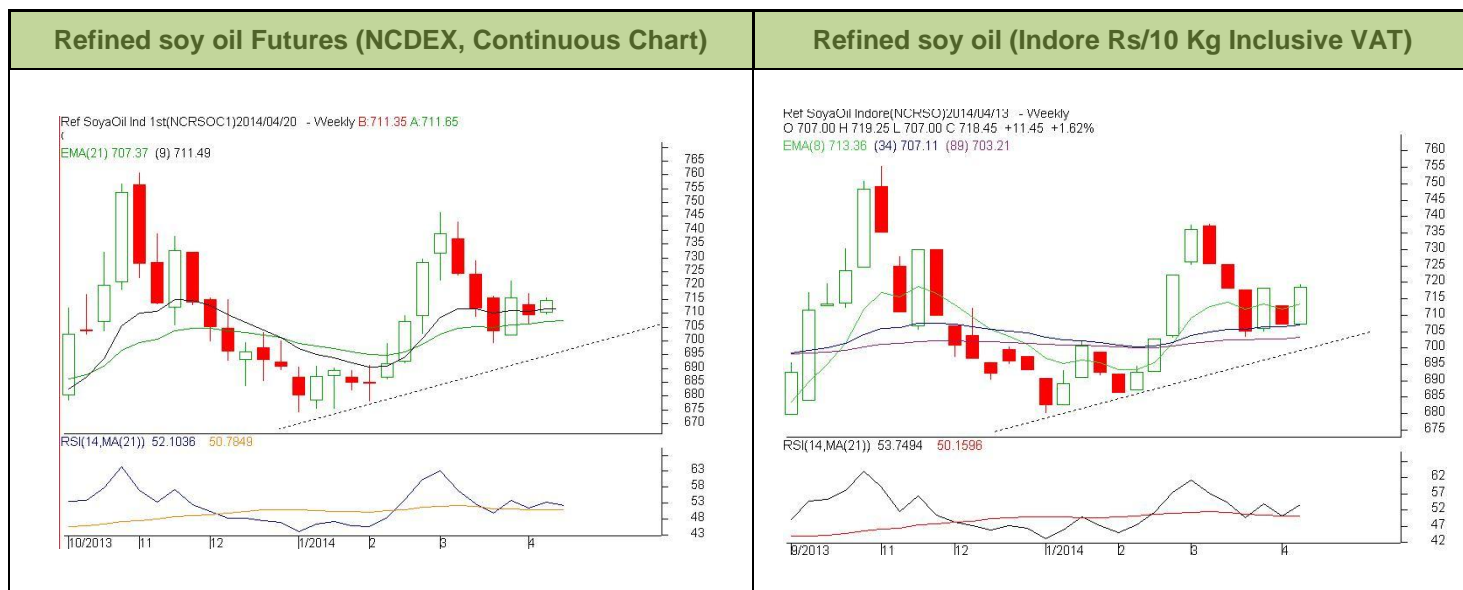




### Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to the international prices. We expect import parity to be in the positive side in the coming days.

### Technical Analysis (Refined soy oil Weekly Charts)



**Outlook – Prices are likely to trade with a steady to firm note in the days ahead. Investors are advised to buy refined soy oil (May. contract).**

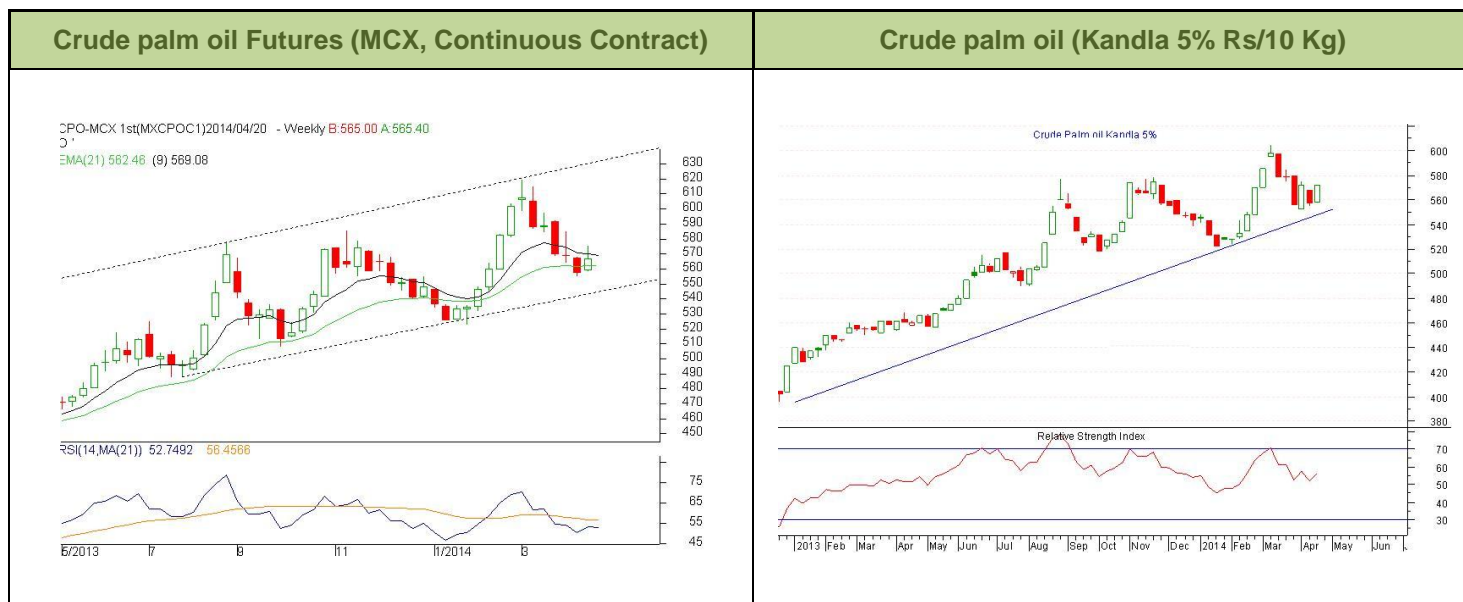
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 699 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 703-712 level in near to medium term. RSI is near to neutral zone and shows evidence of divergence with the ref. soy oil prices.

**Strategy:** Market participants are advised to go long in RSO above 703 levels for a target of 710 and 712 with a stop loss at 699 on closing basis.

### RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
692.00	698.00	710.10	718.00	723.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of Rs 712-728 per 10 Kg.

**Technical Analysis (Crude Palm oil Weekly Charts)**


**Outlook - Prices may trade with a steady to slightly firm tone in the coming days. Investors are advised to buy MCX CPO - May. contract.**

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 556.60 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 560-572 level. RSI is moving towards neutral zone suggesting likely range bound in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 560 for a target of 570 and 572 with a stop loss at 544 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
549.00	553.00	563.70	575.00	581.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 565-585 per 10 Kg.



Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		17-Apr-14	12-Apr-14	
Refined Soybean Oil	Kota(Loose)	671	665	6
	Rajkot (Loose)	655	650	5
	Jaipur (Loose)	680	NA	-
	Hyderabad+ VAT	NA	NA	-
	Delhi (Loose)	705	700	5
	Kakinada	NA	NA	-
	Mumbai +VAT	662	655	7
	Indore	690	675	15
	Soy Degum Mumbai+VAT	635	628	7
	SoyDegum Kandla/Mundra+VAT	635	628	7
	Haldiya Port (Loose)	NA	NA	-
	Akola (Loose)	701	691	10
	Amrawati (Loose)	701	691	10
	Jalna	701	686	15
	Nagpur	706	698	8
Palm Oil	Chennai.RBD.Palmolein.(Loose)	608	600	8
	Hyd. RBD Palmolein VAT	630	630	Unch
	Delhi RBD Palmolein (Loose)	655	650	5
	Kandla CPO (5%FFA)	566	557	9
	Kakinada.RBD.Palmolein(Loose)	599	586	13
	Mumbai RBD Pamolein+ VAT	610	600	10
	Kandla RBD Palmolein +VAT	603	593	10
Refined Sunflower Oil	Mumbai + VAT	665	672	-7
	Kandla/Mundra	600	600	Unch
	Erode (Exp. Oil)+VAT	680	675	5
	Hyderabad Exp +VAT	656	646	10
	Chennai (Loose)	650	650	Unch
	Bellary (Exp. Oil)+VAT	601	611	-10
	Latur (Exp. Oil)+VAT	621	621	Unch
	Chellakere (Exp. Oil)+VAT	600	611	-11
Groundnut Oil	Rajkot (Loose)	710	700	10
	Chennai (Loose)	750	740	10
	Delhi (Loose)	725	730	-5
	Hyderabad Exp +VAT	821	810	11
	Mumbai + VAT	750	740	10
	Gondal+VAT	NA	690	-

	Jamnagar +VAT	710	690	20
	Narsarropeth+VAT	750	780	-30
	Prodattour+VAT	726	731	-5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	660	642	18
	Alwar (Expeller Oil)(Loose)	639	636	3
	Kota (Expeller Oil) (Loose)	636	620	16
	Jaipur (Expeller Oil) (Loose)	644	638	6
	Delhi (Exp. Oil) (Loose)	658	640	18
	SriGangaNagar(ExpOil-Loose)	620	605	15
	Hapur+VAT	Closed	Closed	-
	Kolkata	NA	NA	-
	Agra (Kacchi Ghani Oil) +VAT	695	695	Unch
Refined Cottonseed Oil	Mumbai +VAT	660	655	5
	Rajkot (Loose)	640	630	10
	Delhi (Loose)	630	620	10
	Hyderabad (Loose)	625	620	5
Coconut Oil	Kangayan (Crude)	1550	1500	50
	Cochin	1350	1295	55
	Trissur	NA	1475	-
Sesame Oil	Delhi	920	920	Unch
	Mumbai	980	1000	-20
Kardi	Mumbai	950	950	Unch
Rice Bran Oil (40%)	Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	525	525	Unch
Malaysia Palmolein USD/MT	FOB (May Shipment)	853	860	-7
	CNF (May Shipment) India	890	873	17
Indonesia CPO USD/MT	FOB (May Shipment)	875	855	20
	CNF (May Shipment) India	905	888	17
<b>Argentina FOB (\$/MT)</b>		<b>16-Apr-14</b>	<b>9-Apr-14</b>	<b>Change</b>
Crude Soybean Oil Ship		911	891	20
Refined Soy Oil (Bulk) Ship		942	922	20
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		891	871	20
Refined Linseed Oil (Bulk) Ship		NA	NA	-



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